

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
NPCR, Inc. d/b/a Nextel Partners)	
)	
Petition for Designation as an)	
Eligible Telecommunications Carrier)	
in the state of Alabama)	
)	
Petition for Designation as an)	
Eligible Telecommunications Carrier)	
in the state of Florida)	
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Petition for Designation as an)	
Eligible Telecommunications Carrier)	
in the state of Georgia)	
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Petition for Designation as an)	
Eligible Telecommunications Carrier)	
in the Commonwealth of Pennsylvania)	
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Petition for Designation as an)	
Eligible Telecommunications Carrier)	
in the State of Tennessee)	
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Petition for Designation as an)	
Eligible Telecommunications Carrier)	
in the Commonwealth of Virginia)	
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Federal-State Joint Board on)	
Universal Service)	CC Docket No. 96-45
)	
Nextel Partners of Upstate New York, Inc.)	
d/b/a Nextel Partners)	
)	
Petition for Designation as an)	
Eligible Telecommunications Carrier)	
in the state of New York)	
)	
To: The Commission)	

**APPLICATION FOR REVIEW
OF THE RURAL LOCAL EXCHANGE CARRIERS**

SUMMARY

The Commission's Wireline Competition Bureau (Bureau) recently issued an Order designating NPCR, Inc. d/b/a Nextel Partners and Nextel Partners of New York, Inc. d/b/a Nextel Partners (Nextel), a national wireless telecommunications service provider, as an eligible telecommunications carrier (ETC) in seven states: Alabama, Florida, Georgia, Pennsylvania, Tennessee, Virginia, and New York (Nextel ETC Order). In reaching its decision, the Bureau applied the eligibility criteria and public interest test set forth by the Commission in its January 2004 *Virginia Cellular* decision. In that order, the Commission proposed to use the *Virginia Cellular* standards to evaluate outstanding petitions for ETC designation pending resolution of the ETC designation issues then before the Federal-State Joint Board on Universal Service pursuant to a Referral Order from the Commission.

Setting aside legitimate concerns about the Bureau's application of the *Virginia Cellular* standards to the Nextel ETC Petitions, the Rural LECs hereby seek Commission review of the Nextel ETC Order on the ground that the public interest is harmed by the grant of ETC designation to a carrier pursuant to the *Virginia Cellular* standards now that the Joint Board has issued a Recommended Decision and the Commission has sought and received comments on the Joint Board's proposals to modify the ETC designation procedures. The Rural LECs request the Commission to reverse the Nextel ETC Order and to direct the Bureau to defer consideration of the Nextel ETC Petitions and other pending petitions for ETC designation until after the Commission resolves the ETC designation issues now before it.

The Rural LECs recognize that the *Virginia Cellular* decision reflected a Commission determination at that time to proceed with evaluating petitions for ETC designation prior to resolution of the issues raised in the Recommended Decision and Notice. However, we urge the Commission now to reconsider this course of action for the following reasons:

- Circumstances have changed since the release of *Virginia Cellular*. Now that the Recommended Decision and related Notice of Proposed Rulemaking have been issued and interested parties have submitted comments and reply comments, the Commission is well-positioned to address the ETC designation issues in a comprehensive rulemaking proceeding in which all interested parties may participate, rather than on a piecemeal basis in connection with specific petitions for ETC designation.
- The public interest framework set forth in *Virginia Cellular* does not fully address all the issues involved in ETC designations. With respect to the Nextel ETC Petitions in particular, *Virginia Cellular* does not provide an appropriate framework pursuant to which the Bureau could analyze the overall impact of the Petitions on the size of the Universal Service Fund. The Commission should not permit the Bureau to continue to designate additional competitive ETCs (CETCs) until an appropriate framework is established to fully evaluate the overall impact of such designations on the Fund and on consumers in the service areas in which the CETCs are designated.
- The Bureau's continued consideration of ETC petitions under the *Virginia Cellular* test *after* release of the Recommended Decision proposing different guidelines for evaluating those petitions creates an incentive for carriers that can satisfy *Virginia Cellular* (but may not be able to meet the guidelines proposed in the Recommended Decision) to apply for CETC designation as quickly as possible in the hopes of retaining ETC status even if the Commission ultimately adopts public interest guidelines they do not meet. This could result in either significant disruption for subscribers after the Commission releases its order (if ETC status is revoked) or ongoing universal service payments that undermine the goals of the Commission's decision (if CETCs designated under different standards are grandfathered).
- Dedicating the resources of the Bureau to evaluating the numerous pending petitions for ETC designation will slow consideration of the issues in the rulemaking proceeding. The longer the problems addressed in the rulemaking proceeding linger, the more the universal service system risks becoming inconsistent with its underlying statutory mandate.

The Rural LECs urge the Commission to reverse the Nextel ETC Order and to direct the Bureau to suspend consideration of pending petitions for ETC designation until after the significant issues raised in the pending Recommended Decision and Notice have been resolved. Allowing the Bureau to continue on its present course will only increase the complexity and difficulty of resolving those issues and – particularly if ETC designations are grandfathered – could undermine the ability of the measures ultimately adopted to achieve their intended goal of improving the long-term sustainability of the Universal Service Fund.

TABLE OF CONTENTS

	<u>Page</u>
I. THE COMMISSION’S PENDING RULEMAKING PROCEEDING COULD MATERIALLY ALTER THE STANDARDS GOVERNING THE GRANT OF ETC DESIGNATION TO COMPETITIVE CARRIERS.....	3
II. ALLOWING THE BUREAU TO CONTINUE ON ITS PRESENT COURSE OF EVALUATING AND GRANTING PETITIONS FOR ETC DESIGNATION PRIOR TO RESOLUTION OF THE RULEMAKING PROCEEDING WOULD BE INCONSISTENT WITH THE PUBLIC INTEREST	6
CONCLUSION.....	11

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**APPLICATION FOR REVIEW
OF THE RURAL LOCAL EXCHANGE CARRIERS**

TDS Telecommunications Corp. (TDS Telecom); Ardmore Telephone Company; Castleberry Telephone Company, Inc.; Frontier Communications of the South, LLC; Frontier Communications of Alabama, LLC; Frontier Communications of Lamar County, LLC; Graceba Total Communications, Inc.; GTC, Inc.; Gulf Telephone Company; Interstate Telephone Company; Millry Telephone Company, Inc.; Mon-Cre Telephone Cooperative, Inc.; Moundville Telephone Company, Inc.; National Telephone Company, Inc.; New Hope Telephone Cooperative, Inc.; Ragland Telephone Company; Roanoke Telephone Company, Inc.; Union Springs Telephone Company, Inc.; and Valley Telephone Company, LLC (collectively, the Rural LECs)¹ submit this Application for Review, pursuant to Section 1.115 of the Commission's Rules, to request the Commission to reverse the decision of the Acting Chief of the Wireline Competition Bureau (Bureau) to grant the Petitions of NPCR, Inc. d/b/a Nextel Partners and Nextel Partners of Upstate New York, Inc. d/b/a Nextel Partners (collectively, Nextel) for designation as an eligible

¹ TDS Telecom is the parent company of the following rural local exchange carriers (LECs) affected by the designation of Nextel as an ETC in Alabama, Florida, Georgia, New York, Pennsylvania, and Virginia: Butler Telephone Company (AL), Deposit Telephone Company (NY), Mahanoy & Mahantongo Telephone Company (PA), New Castle Telephone Company (VA), Oriskany Falls Telephone Company (NY), Port Bryon Telephone Company (NY), Quincy Telephone Company (FL and GA), Sugar Valley Telephone Company (PA), Township Telephone Company (NY), Vernon Telephone Company (NY), and Virginia Telephone Company (VA). The Frontier companies are affected by the designation of Nextel as an ETC in Alabama, Florida, Georgia, Pennsylvania, Tennessee, and New York; Interstate Telephone Company is affected by the designation of Nextel as an ETC in Alabama and Georgia; GTC, Inc. is affected by the designation of Nextel as an ETC in Alabama and Florida; and the remaining Rural LECs are affected by the designation of Nextel as an ETC in Alabama.

The Rural LECs are committed to providing high-quality telecommunications services at affordable rates throughout their service areas. But their ability to provide such service to their rural customers depends in most cases on the Rural LECs' receiving substantial support from the Universal Service Fund. Accordingly, the Rural LECs have a strong interest in ensuring that the Fund remains viable and that its resources are used for the purposes Congress intended. All of the Rural LECs submitting this Application for Review filed or participated in comments and/or reply comments opposing the designation of Nextel as an ETC in their affected service areas. *See Order, Federal-State Joint Board on Universal Service, NPCR, Inc. d/b/a Nextel Partners Petitions for Designation as an Eligible Telecommunications Carrier in the States of Alabama, Florida, Georgia, Pennsylvania, Tennessee, and Virginia, Nextel Partners of Upstate New York, Inc. d/b/a Nextel Partners Petition for Designation as an Eligible Telecommunications Carrier in the State of New York*, CC Docket No. 96-45, DA 04-2667, App. A (rel. Aug. 25, 2004, amended by Erratum rel. Sept. 13, 2004) (Nextel ETC Order) (listing parties filing comments, reply comments, oppositions, and supplemental comments).

telecommunications carrier (ETC) in the requested service areas in Alabama, Florida, Georgia, Pennsylvania, Tennessee, Virginia, and New York (collectively, Nextel ETC Petitions).² The Bureau's Order should be reversed and the Nextel ETC Petitions either denied or deferred pending resolution of the Commission's pending rulemaking proceeding on ETC designation issues.

In granting the Nextel ETC Petitions at this time, the Bureau gave insufficient consideration to the overall impact of the grant of this type of ETC designation on the size of the Universal Service Fund. More broadly, the Nextel ETC Order failed to take into account the effect of the decision on the Commission's larger efforts to rationalize the ETC designation process and to improve the long-term sustainability of the Universal Service Fund.

I. THE COMMISSION'S PENDING RULEMAKING PROCEEDING COULD MATERIALLY ALTER THE STANDARDS GOVERNING THE GRANT OF ETC DESIGNATION TO COMPETITIVE CARRIERS

On February 7, 2003, pursuant to the Commission's Referral Order of November 8, 2002, the Federal-State Joint Board on Universal Service (Joint Board) released a public notice seeking comment on the rules relating to high-cost universal service support and the criteria and procedures for designating ETCs.³ The Joint Board released its Recommended Decision in February 2004.⁴ Among other proposals, the Recommended Decision supports adopting permissive federal guidelines that state commissions would be encouraged to apply – and the Commission would apply – when evaluating petitions for ETC designation. According to the Joint Board, the proposed guidelines would promote a “rigorous ETC designation process” and “should improve the long-term sustainability of the universal service fund, as only fully qualified carriers that are capable of, and

² See Nextel ETC Order.

³ *Federal-State Joint Board on Universal Service Seeks Comment on Certain of The Commission's Rules Relating to High-Cost Universal Service Support and The ETC Designation Process*, CC Docket No. 96-45, Public Notice, FCC 03J-1 (rel. Feb. 7, 2003) (High Cost/ETC Notice).

⁴ Recommended Decision, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, FCC 04J-1 (rel. Feb. 27, 2004) (Recommended Decision).

committed to, providing universal service would be eligible to receive support.”⁵ The guidelines would also ensure that each designated ETC is “prepared to serve all customers within a designated service area” and is “willing to be the sole ETC should other ETCs withdraw from the market.”⁶

Although the Joint Board did not reach a consensus supporting the use of per-line support benchmarks to guide determinations concerning whether to designate competitive ETCs (CETCs) in high-cost areas,⁷ the Joint Board expressed the view that state commissions could consider per-line support levels in determining whether to designate an additional ETC in a high-cost area and encouraged the Commission to seek further comment on establishing national per-line support benchmarks.⁸

Shortly before the Joint Board released its Recommended Decision on the ETC designation issues, the Commission issued an order granting ETC designation to Virginia Cellular in certain non-rural and rural areas in the Commonwealth of Virginia.⁹ In connection with the *Virginia Cellular* decision, the Commission set forth a “framework” for determining whether petitions for ETC designation in rural areas would serve the public interest. The Commission stated that it would apply this public interest framework to pending petitions for ETC designation in rural service areas until the Joint Board and Commission took action on the ETC designation issues referred to the Joint

⁵ *Id.* ¶¶ 2, 9.

⁶ *Id.* ¶ 11.

⁷ Under this type of proposal, no CETCs would be designated in rural areas receiving high-cost support above a specified amount per line (such as \$30 per line or more). In addition, the number of CETCs that could be designated in other rural areas would be limited depending on the amount of per-line support received (*e.g.*, one CETC might be permitted in areas receiving more than \$20 per line in high-cost support and two CETCs might be permitted in areas receiving more than \$10 per line).

⁸ Recommended Decision ¶ 44.

⁹ Memorandum Opinion and Order, *Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket No. 96-45, FCC 03-338 (rel. Jan. 22, 2004) (*Virginia Cellular*).

Board in February 2003.¹⁰ The *Virginia Cellular* framework bears some similarity to, but is not identical to, the public interest approach proposed by the Joint Board in the Recommended Decision.¹¹

The Commission issued a Notice of Proposed Rulemaking seeking comment on the Recommended Decision on June 8, 2004.¹² Among other things, the Notice specifically requests comment on the proposed ETC guidelines and on the issue of per-line support benchmarks.¹³ Dozens of interested parties have filed comments and reply comments in response to the Notice. A majority of the commenters agree that changes in the ETC designation process are necessary to ensure a rigorous ETC designation process, as required by the statute, and to restore the long-term sustainability of the Universal Service Fund.¹⁴ Given these comments and the Joint Board's thoughtful analysis supporting its recommendations concerning the ETC designation process, it is highly likely that the Commission will adopt at least some material changes to the standards governing the designation of competitive ETCs (CETCs).

¹⁰ *Id.* ¶ 4. The Commission subsequently applied and refined the *Virginia Cellular* standard somewhat in Memorandum Opinion and Order, *Federal-State Joint Board on Universal Service, Highland Cellular, Inc Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket No. 96-45, FCC 04-37, ¶ 32 (rel. Apr. 12, 2004) (*Highland Cellular*).

¹¹ For obvious reasons, *Virginia Cellular* did not apply the ETC eligibility criteria advocated in the Recommended Decision. The Commission simply examined whether Virginia Cellular satisfied the basic statutory requirement of providing the supported services defined in Section 54.101 of the Commission's Rules throughout the designated service areas.

¹² Notice of Proposed Rulemaking, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, FCC 04-127 (rel. June 8, 2004) (Notice) (seeking comment on the Recommended Decision).

¹³ *Id.* ¶ 2.

¹⁴ *See, e.g.*, Comments of TDS Telecom, CC Docket No. 96-45, at 4-11 (Aug. 6, 2004); Comments of the National Association of State Utility Consumer Advocates, CC Docket No. 96-45, at 34-40 (Aug. 6, 2004); Comments of the Public Utilities Commission of Oregon, CC Docket No. 96-45, at 3-5 (Aug. 6, 2004); Comments of the United States Telecommunications Association, CC Docket No. 96-45, at 8-11 (Aug. 6, 2004); Comments of the Rural Telecommunications Associations, CC Docket No. 96-45, at 35-36 (Aug. 6, 2004); Comments of the State Telecommunications Associations and Rural Telephone Companies, CC Docket No. 96-45, at 6-9 (Aug. 6, 2004); Comments of the National Exchange Carrier Association, CC Docket No. 96-45, at 18-20 (Aug. 6, 2004) (all expressing support for federal guidelines specifying additional ETC eligibility requirements).

II. ALLOWING THE BUREAU TO CONTINUE ON ITS PRESENT COURSE OF EVALUATING AND GRANTING PETITIONS FOR ETC DESIGNATION PRIOR TO RESOLUTION OF THE RULEMAKING PROCEEDING WOULD BE INCONSISTENT WITH THE PUBLIC INTEREST

Against the backdrop of the pending ETC designation rulemaking proceeding and the likelihood of changes in the standards applied to petitions for ETC designation, it is becoming increasingly inconsistent with the public interest for the Bureau to continue to evaluate and grant petitions for ETC designation under the “interim” *Virginia Cellular* standards. This is particularly true with respect to the Nextel ETC Petitions because significant issues implicated in the Nextel ETC Petitions and raised in the pending Notice are not addressed under *Virginia Cellular*.

The Rural LECs recognize that the *Virginia Cellular* decision reflected a Commission determination at that time to proceed with evaluating petitions for ETC designation prior to resolution of the issues raised in the Recommended Decision and Notice. However, we urge the Commission to reconsider this course of action for a number of reasons.¹⁵ First, circumstances have changed since the release of *Virginia Cellular*. The Recommended Decision and Notice have been issued and interested parties have submitted comments and reply comments urging the Commission to take action to reform the ETC designation process. Accordingly, the Commission is now well-positioned to address the important issues concerning ETC designation in a comprehensive rulemaking proceeding in which all interested parties have an opportunity to participate, rather than on a piecemeal basis in connection with specific petitions for ETC designation.

¹⁵ Members of the Rural LECs have previously urged the Bureau, in connection with the Nextel ETC Petitions and other petitions for ETC designation, to defer consideration of petitions for ETC designation until after resolution of the issues raised in the pending rulemaking proceeding. *See, e.g.,* Comments of Rural ILECs, *Federal-State Joint Board on Universal Service, NPCR, Inc. d/b/a Nextel Partners Petition for Designation as an Eligible Telecommunications Carrier in the State of Florida*, CC Docket No. 96-45, at 4-8 (Feb. 2, 2004); Reply Comments of the Alabama Rural Local Exchange Carriers, *Federal-State Joint Board on Universal Service, NPCR, Inc. d/b/a Nextel Partners Petition for Designation as an Eligible Telecommunications Carrier in the State of Alabama*, CC Docket No. 96-45, at 2 (May 14, 2004); Comments of TDS Telecom, *Federal-State Joint Board on Universal Service, Inc., RCC Minnesota, Inc. and RCC Atlantic, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of New Hampshire*, CC Docket No. 96-45, at 2-7 (June 21, 2004).

Second, the public interest framework set forth in *Virginia Cellular* does not fully address all the issues involved in ETC designations. For example, *Virginia Cellular* did not address the question of how to minimize the overall impact of the growing number of CETC designations on growth of the Universal Service Fund. Despite its “increasing concern” about the overall impact on the Fund of the rapid growth in high-cost support distributed to CETCs, the Commission concluded that the specific designation of Virginia Cellular in the requested service areas would not “dramatically burden” the Fund.¹⁶ The Commission deferred the larger question for the rulemaking proceeding, expressing the “hope that the . . . pending rulemaking proceeding . . . will provide a framework for assessing the overall impact of competitive ETC designations on the universal service mechanisms.”¹⁷

The Commission should not permit the Bureau to continue to designate additional CETCs until the appropriate framework is established to evaluate the overall impact of such designations on the Fund. As Commissioner Martin recognized in his *Virginia Cellular* dissent, approving numerous CETC petitions before addressing this and other issues raised in the Recommended Decision and Notice could pre-judge the Commission’s actions in the rulemaking proceeding.¹⁸ Continuing to grant CETC petitions now could force the Commission later to take more aggressive steps to slow the growth of the Universal Service Fund than would have been necessary if the Commission first adopted guidelines in the rulemaking proceeding to ensure a sufficiently rigorous CETC designation process.

This issue is of particular significance to the Nextel ETC Petitions because of the significant overall impact that designation of a national wireless carrier in numerous service areas

¹⁶ *Virginia Cellular* ¶ 31.

¹⁷ *Id.*

¹⁸ *Id.*, Dissenting Statement of Commissioner Kevin J. Martin at 2.

could have on the size of the Fund. Although the potential universal service support that may be paid for each individual service area in which Nextel has sought ETC designation may not seem that substantial in isolation, the overall impact of Nextel's broad strategy to seek ETC designation and universal service support throughout its licensed territory is substantial. In addition to the Nextel ETC Petitions at issue here, Nextel has petitions for ETC designation either pending or granted in twelve states. The grant of ETC designation in all of the service areas covered by Nextel's federal and state petitions could result in Nextel's recovering \$5-6 million or more annually in USF payments. This is obviously a more significant *overall* impact on the Fund than the *Virginia Cellular* ETC designation. Moreover, granting the Nextel ETC Petitions would have an impact on the Fund that extends beyond just the payments made to Nextel. OPASTCO has pointed out that the grant of ETC status to a national provider such as Nextel could compel other national wireless carriers to seek ETC designation to remain competitive. This could result in a dramatic increase in the size of the Fund — more than \$2 billion annually if all wireless carriers nationwide were granted ETC status.¹⁹

Virginia Cellular also did not address the question of the impact of multiple CETC designations in rural service areas where economies of scale may not support competitive entry. The Recommended Decision found that per-line support can serve as a useful marker for determining whether the line density, population density, distance between wire centers, loop lengths and levels of investment in a particular rural service area can appropriately support the entry of one or more competitive carriers.²⁰ Although the Joint Board was unable to reach a consensus to recommend

¹⁹ See Comments of the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), CC Docket No. 96-45, at 3 (May 5, 2003).

²⁰ Recommended Decision ¶ 43. The Joint Board concluded that “[i]f the per-line support level is high enough, the state may be justified in limiting the number of ETCs in that study area, because funding multiple ETCs in such areas could impose strains on the universal service fund. Moreover, if the Commission were to cap per-line support upon entry of a competitive ETC and impose a primary-connection restriction, as discussed [in the Recommended Decision], designating an excessive number of ETCs could dilute the amount of support available to each ETC to the point that each carrier's ability to provide universal service might be jeopardized.” *Id.*

specific per-line support benchmarks, it did recognize the value of per-line support benchmarks and encouraged the Commission to solicit comment on whether such benchmarks should be adopted.²¹ This issue is of particular significance in areas in which multiple competitors (in addition to Nextel) have sought and/or been granted CETC designation, such as the Quincy service area in Florida and Georgia and the Butler, Castleberry, GTC, Gulf, Millry, Mon-Cre, and Moundsville service areas in Alabama. If the Commission ultimately concludes that per-line support benchmarks should be applied to limit the number of CETCs designated in certain high-cost areas, but a greater number of CETCs already have been designated under “interim” standards, the affected markets already will have suffered the harm justifying the establishment of per-line benchmarks. Once the Commission decided to establish per-line benchmarks, these markets would either continue to suffer that harm (if existing CETCs were grandfathered) or would experience market disruption as the Commission rescinded one or more CETC designations. The better policy would be to resolve the per-line benchmark issue before granting additional petitions for CETC designation that later could be found to be inconsistent with the public interest.

Third, by allowing the Bureau to continue to consider and grant petitions for ETC designation under the interim *Virginia Cellular* public interest framework *after* release of the Recommended Decision proposing *different* guidelines for evaluating whether designation of an ETC will serve the public interest, the Commission creates an incentive for carriers that can satisfy the *Virginia Cellular* standard but may not be able to meet the guidelines proposed in the Recommended Decision to apply for CETC designation as quickly as possible in the hopes of retaining ETC status even if the Commission ultimately adopts public interest guidelines they do not meet. The Recommended Decision raises the question of how the proposed public interest guidelines should be applied to ETCs that already have been designated. The Joint Board recommends that the

²¹ *Id.* The Commission did seek comment on this issue. Notice ¶ 2.

Commission clarify the scope of authority of states and the Commission to rescind an ETC designation that no longer serves the public interest, but also asks “whether ETC designation for competitive carriers could be grandfathered for some period of time to avoid significant market disruptions.”²² This issue will become a much more significant problem over time if the Commission continues to allow the Bureau to grant petitions for ETC designation under the *Virginia Cellular* standards now than if it suspends the pending petitions and focuses on adopting appropriate guidelines in the rulemaking proceeding.

Finally, dedicating the resources of the Bureau to evaluating the numerous pending petitions for ETC designation will slow consideration of the issues in the rulemaking proceeding. As described above, the rulemaking proceeding is the preferred vehicle for addressing the important policy issues implicated in the pending petitions for ETC designation. Delaying the rulemaking proceeding to decide the pending petitions will only exacerbate the problems and concerns the proceeding is intended to resolve. The longer these problems linger, the more the universal service system risks becoming inconsistent with its underlying statutory mandate.²³

²² Recommended Decision ¶ 45.

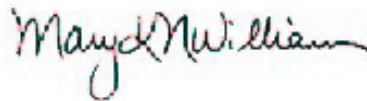
²³ *Id.* ¶ 11 (noting that guidelines encouraging a rigorous ETC application process are consistent with the requirements of Section 214(e)(2) and Section 254(b)(3) of the Communications Act).

CONCLUSION

For the foregoing reasons, the Rural LECs urge the Commission to reverse the Nextel ETC Order and to direct the Bureau to suspend consideration of the Nextel ETC Petitions and other pending petitions for ETC designation until after the significant policy issues raised in the pending Recommended Decision and Notice have been resolved. Allowing the Bureau to continue on its present course will only increase the complexity and difficulty of resolving those issues and – particularly if ETC designations are grandfathered – could undermine the ability of the measures ultimately adopted to achieve their intended goal of improving the long-term sustainability of the Universal Service Fund.

Respectfully submitted,

RURAL LOCAL EXCHANGE CARRIERS

A handwritten signature in blue ink that reads "Mary Newcomer Williams".

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September 24, 2004

CERTIFICATE OF SERVICE

I, Mary Newcomer Williams, hereby certify that on this 24th day of September, 2004, I caused copies of the foregoing Application for Review to be served by first-class mail, postage prepaid, on the following parties to this proceeding:

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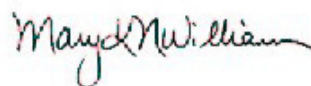
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